

VZCZCXYZ0000  
PP RUEHWEB

DE RUEHTUA #1030 2591631  
ZNR UUUUU ZZH ZUI RUEWMCE5252 2591633  
P 151631Z SEP 08  
FM AMEMBASSY TUNIS  
TO RUCPDO/USDOC WASHDC  
RUEHC/SECSTATE WASHDC0000  
INFO MAGHREB COLLECTIVE

UNCLAS TUNIS 001030

SIPDIS

NEA/MAG (SWILLIAMS, VSTEWART, MNARDI);  
LONDON AND PARIS FOR NEA WATCHER

E.O. 12958: N/A  
TAGS: [ECON](#) [ETRD](#) [PGOV](#) [TS](#)  
SUBJECT: GOT SUPPORT FOR TUNISIAN TOURISM: ALL TALK NO  
ACTION

-----  
Summary  
-----

¶1. (SBU) Summary: Tunisia's tourism sector, which accounts for 11 percent of GDP, grew 8.6 percent in the first quarter of 2008 and in 2007 generated more than 3.05 billion TD (roughly \$2.5 billion) in revenue. Though overall figures look strong, they are consistent with the package-deal low-end tourists Tunisia is attracting. The Minister of Tourism publicly announced his intention to shift Tunisia's image to that of a high-end destination, with a greater diversity of attractions and longer-staying foreign visitors. However, industry leaders claim that GOT intentions are not supported by actions, and doubt any real support is forthcoming. End Summary.

-----  
Knock, Knock: Who's There?  
-----

¶2. (SBU) The number of tourists from Europe grew two percent in 2007, but the countries of origin are changing; a reflection of Tunisia's enduring reputation as a cheap vacation spot. According to the Tunisian National Board of Tourism, the number of French, Russian, Polish and Scandinavian tourists is on the rise, while the number of German, Italian, English and Spanish tourists is declining. Visits to a popular beach town by PolOff revealed an increased number of signs and posters in Polish and Cyrillic, indicative of this changing demographic. The number of tourists from neighboring countries, namely Algeria and Libya, also grew 4 percent in 2007. Tunisia welcomed roughly 6.8 million foreign tourists in 2007, up from 6.6 million the year before. Roughly 80 to 90 percent of them purchased beach package deals to resorts located along Tunisia's almost one thousand miles of coastline.

-----  
If You Sell it, They will Come  
-----

¶3. (SBU) The GOT aims to shift away from servicing the cheap package-deal market to become a high-end niche destination, or so it says. The Tunisian Minister of Tourism, Khalil Lajimi, publicly allocated 5 million TD (approximately US \$4.3 million) for a fall 2008 advertising campaign targeting German, Italian, British, and Spanish tourists. Moncef Guitouni, General Manager of the Ramada Hotel, pointed out that despite this announcement, Tunisia has not done well marketing itself. This phenomenon is aptly explained by the business model employed by MHommed Driss, owner of 10 three to five star 1,000 bed beach resorts in popular beach towns. He relies on European tour operators to bring him clients. Only a small fraction of reservations for his hotel chain are

made online.

¶4. (SBU) Michael Smith, Director of Fidelity Investments in Tunisia, assesses that there is no reason why Tunisia's tourism sector is not a shining gem in North Africa. Experts explain that aside from the lack of marketing efforts, Tunisia is not attracting high-end tourists because of its sub-standard hotel infrastructure and underdeveloped services sector. Tunisian hotels with GOT four and five star rankings are by and large comparable to three star facilities in the U.S. and Europe.

-----  
Targeting Niche Groups  
-----

¶5. (SBU) In addition to attracting wealthier tourists and enticing them to stay longer, the GOT wants to expand the diversity of tourist destinations and activities. The GOT claims to be offering incentives such as lowered taxes to foreign investors willing to develop resorts in desert zones away from the coast. Tunisia's spa and thlassotherapy (seawater treatment) business is second only to that of Frances in the Mediterranean region. More than 41 healthcare spas in Tunisia generate more than 86 million USD in revenues. The GOT is eager to attract more of this niche tourist group because they spend between 200 and 500 percent more during their trips than their package-deal counterparts. Golf tourism is increasingly competitive in the region, and developers across Tunisia are building more golf courses in support of attracting higher-end tourists. Tunisia had nine full golf courses at the end of 2006, up from three in 2001.

-----  
Sizing up the Competition  
-----

¶6. (SBU) Despite annual growth in revenue, Tunisia struggles to generate the same amount of income from tourism as that of its two major competitors in North Africa: Egypt and Morocco. Tunisia hosted the same number of international tourists as Morocco in 2006, about 6.5 million. However, Tunisia generated less than half of Morocco's \$6.4 billion in tourist revenue. In comparison, Egypt attracted more than 9 million tourists in 2006 and about \$7.6 billion in revenue. In Egypt, tourism revenue accounts for 20 percent of foreign currency revenue; in Tunisia it accounts for roughly eight percent. Guitouni believes that Morocco and Egypt market to tourists by emphasizing the history, culture and unique attractions in their countries. He said Tunisia must adopt the same approach to continue competing for tourists planning to travel in North Africa.

-----  
Run the Numbers  
-----

¶7. (SBU) In 2007, the Tunisian tourism sector directly supported approximately 95,000 jobs and more than 325,000 indirectly. The industry generated 3.05 billion TD (roughly \$2.5 billion) in foreign currency receipts, a 6.2 percent increase over the previous year. Tourism receipts accounted for 10.8 percent of all current receipts. Investment in the sector declined slightly to 300 million TD (US \$ 245 million) from 330 million TD (US \$ 270 million) the year before. As was the case in previous years, most of the investment dollars are spent on refurbishing old hotels and building new ones.

-----  
Comment  
-----

¶8. (SBU) Tunisia's steady growth in tourism is largely happenstance. Two trends appear to hinder Tunisia's move away from package deals toward the high-end market. The

first is the widely held marketing philosophy by hotel owners of &if I build it, they will come8. The second is lack of GOT follow-through in ensuring that new developments and upgrades to existing infrastructure meet the expectations of the high-end consumer demographic.

¶9. (SBU) Fundamentally, the industry needs to boost its service-provider delivery and credentials if it intends to attract the type of clients that stay for long periods of time, travel to various regions within the country and spend hard currency. At present, tourists who have booked themselves into "five-star" hotels more often than not, find themselves in relatively modest accommodations. End Comment.  
DESJARDINS